

FIRST PUBLISHED IN THE WICHITA EAGLE ON FEBRUARY 19, 2016

ORDINANCE NO. 50-153

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF C.E. MACHINE COMPANY, INC., SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, C.E. Machine Company, Inc., requests an ad valorem tax exemption on a proposed expansion project of 57.5% for a five-plus-five year term on the expansion and equipping of its existing facility; and

WHEREAS, C.E. Machine Company, Inc. has operated within the City for more than thirty-five years as a manufacturer; and

WHEREAS, C.E. Machine Company, Inc., proposes a \$1,750,000 expansion and equipping of a building located at 1741 S. Hoover Court in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by C.E. Machine Company, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on February 9, 2016; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. C.E. Machine Company, Inc. is an existing business located in Wichita, Kansas, and intends to expand its business by the expansion and equipping of an existing building.

2. The expansion and equipping for which the exemption is given occurred after January 1, 2016. No exemption will be given for expansion and equipping which occurred before that date.

3. Such expansion and equipping is to be used exclusively for manufacturing and warehousing and distribution of articles of commerce.

4. By such expansion, C.E. Machine Company, Inc. will retain 82 employees and create new employment for fifteen (15) employees within five years after the start of the project.

5. Tax exemption will be given only for the expansion and equipping of the existing building.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by C.E. Machine Company, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing and warehousing and distribution of articles of commerce.

2. C.E. Machine Company, Inc. is hereby granted an ad valorem tax exemption of 57.5% for a five-year term and 57.5% for a second five years, subject to approval by the then current governing body on the expansion and equipping of an existing building, located within the Wichita City limits at 1741 S. Hoover Court in southwest Wichita, at an estimated cost of \$1,750,000. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and C.E. Machine Company, Inc. may be required to repay amounts previously abated), in the event of any failure by C.E. Machine Company, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and C.E. Machine Company, Inc. is hereby approved.

4. The Office of Urban Development shall be responsible for monitoring the performance of C.E. Machine Company, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in C.E. Machine Company, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated October 8, 2015 and as stated in C.E. Machine Company, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that C.E. Machine Company, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Agreement, which C.E. Machine Company, Inc. has executed with the City.

7. The City Council may, at its discretion, require C.E. Machine Company, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which C.E. Machine Company, Inc. has executed with the City.

8. Upon finding that C.E. Machine Company, Inc. has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on C.E. Machine Company, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 16th day of February , 2016.

Jeff Longwell, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Jennifer Magana, Director of Law